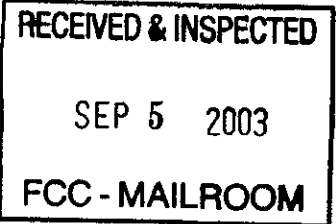




DOCKET FILE COPY ORIGINAL

Dickey Rural Telephone Cooperative  
Dickey Rural Communications, Inc.  
Dickey Rural Services, Inc.  
Dickey Rural Access, Inc.



August 28, 2003

Ms. Magalie Roman, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12 St SW, Room TW-B204  
Washington, DC 20554

Re: USF Certification – FCC Docket No. 96-45  
Dickey Rural Telephone Cooperative  
Dickey Rural Communications, Inc.

Enclosed for filing in FCC Docket 96-45 is an Affidavit certifying that all universal service support will only be used by the undersigned carrier for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

The undersigned carrier has also filed this Affidavit with the South Dakota Public Utilities Commission, and it is anticipated that the South Dakota Public Utilities Commission will also certify by October 1, 2003, that the undersigned carrier will only use said universal service support for its intended purpose. However, because of the importance of this issue, and the fast approaching certification deadline of October 1, 2003, the undersigned carrier is also providing certification directly to the Federal Communications Commission to ensure that the undersigned carrier continues to receive the universal service support for which it is eligible.

Sincerely

A handwritten signature in cursive script, appearing to read "Mark Scallon".

Mark Scallon  
General Manager  
Dickey Rural Telephone Cooperative

A handwritten signature and initials, possibly "J. Smith" or similar, with a large "H" or "1" to the right.

RECEIVED & INSPECTED

SEP 5 2003

FCC - MAILROOM

**BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE REQUEST OF  
DICKEY RURAL TELEPHONE COOPERATIVE  
FOR CERTIFICATION  
REGARDING ITS USE OF FEDERAL UNIVERSAL  
SERVICE SUPPORT**

**DOCKET NO. \_\_**

**REQUEST FOR CERTIFICATION**

Dickey Rural Telephone Cooperative (Company) hereby submits a Request for Certification to the South Dakota Public Utilities Commission ("Commission") seeking certification from the Commission pursuant to 47 C.F.R. § 54.314. In support of this Request, Dickey Rural Telephone Cooperative offers the following:

1. On May 23, 2001, the Federal Communications Commission (FCC) released an Order relative to the federal universal service support mechanism for rural carriers.<sup>1</sup> This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 C.F.R. § 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or other eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, states that desire rural carriers within their jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company ("USAC") stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local

<sup>1</sup> CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only in the future be made available if the State Commission files the requisite certification pursuant to § 54.314.

2. The certification required for rural carriers to receive federal universal service support for all four quarters during calendar year 2004 is currently due to be filed with the FCC and USAC on or before October 1, 2003. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the State are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

3. *Dickey Rural Telephone Cooperative* is a rural telephone company that has previously been designated by this Commission as an eligible telecommunications carrier. The Company provides local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately forty-five (45) access lines in parts of 4 exchanges within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over *Dickey Rural Telephone Cooperative* and its provisioning of local exchange services. Under SDCL § 49-31-5.1, the local exchange service rates charged by telecommunications cooperatives, municipal telephone systems, and independent telephone companies serving less than fifty thousand local exchange subscribers are not subject to the Commission's ratemaking authority. In cases where State Commissions have limited regulatory authority over rural carriers, the FCC has indicated that these carriers should themselves initiate the certification process by presenting a plan to ensure compliance with the requirement in 47 U.S.C. § 254(e) that universal service support will only be used for the provision, maintenance, and upgrading of facilities and services for which the

support is intended. Based on this filed plan, it is anticipated that the State Commission may make the appropriate certification to the FCC.<sup>2</sup>

5. The purpose of this filing is to provide information constituting Dickey Rural Telephone Cooperative plan for the use of its federal universal service support and to otherwise verify that Dickey Rural Telephone Cooperative will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254.

6. In the process of determining whether federal universal service support is used in a manner consistent with the Federal Communications Act, the “universal service principles” established in Section 254(b) are instructive. That Section states that the FCC shall base “policies for the preservation and advancement of universal service” on certain, specifically identified principles:

- (1) Quality services should be available at just, reasonable, and affordable rates.
- (2) Access to advanced telecommunications and information services should be provided in all regions of the Nation.
- (3) Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas. . . .
- (6) Elementary and secondary schools and classrooms, health care providers, and libraries should have access to [certain] advanced telecommunications services. . .

7. The FCC has declined to dictate specifically how the states should ensure that carriers are using federal universal service support consistent with the federal law, but has offered

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<sup>2</sup> Fourteenth Report and Order, ¶ 188.

examples of how the support can be used to appropriately further universal service goals. The FCC has stated:

[A] state could [use the federal support to] adjust intrastate rates, or otherwise direct carriers to use the federal support to replace implicit intrastate universal service support to high cost rural areas . . .

A state could also require carriers to use the federal support to upgrade facilities in rural areas to ensure that services provided in those areas are reasonably comparable to services provided in urban areas of the state.<sup>3</sup>

8. The FCC provided the above examples as illustrative and not exhaustive examples of how support can be used consistent with Section 254(e). Other uses are appropriate provided the State Commission believes they are consistent with the federal universal service principles contained in Section 254.

9. Dickey Rural Telephone Cooperative as a designated eligible telecommunications carrier has received federal universal service support in the past and expects to receive support during calendar year 2004. As of this time, specific support amounts the Company should receive in 2004 have not yet been identified by USAC. The Company, however, offers the following estimates concerning the support it expects to receive<sup>4</sup>:

*The information presented represents the entire company of Dickey Rural Telephone Cooperative with customers in both North and South Dakota.*

|   |              |
|---|--------------|
| High-Cost Loop Support                  | \$ 1,090,000 |
| Long Term Support                       | \$ 92,000    |
| Local Switching Support (DEM Weighting) | \$ 316,000   |
| Interstate Common Line Support          | \$ 112,000   |

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<sup>3</sup> Ninth Report and Order and Eighteenth Order on Reconsideration in CC Docket No. 96-45 (In the Matter of the Federal-State Joint Board on Universal Service), FCC 99-306, ¶ 96, November 2, 1999.

<sup>4</sup> It should be noted that Long Term Support amounts are not referenced because the FCC has indicated that it will deal with certification under 47USC Section 254(e) for these amounts. See 14th Report and Order footnote number 446.

|                             |      |
|-----------------------------|------|
| Safety Net Additive Support | \$ 0 |
| Safety Valve Support        | \$ 0 |

10. For calendar year 2004, Dickey Rural Telephone Cooperative intends to make the following network facility and equipment investments:

*The information presented represents the entire company of Dickey Rural Telephone Cooperative with customers in both North and South Dakota.*

Dickey Rural Telephone Cooperative has historically over the past 4 years committed nearly \$500,000 annually in plant upgrades. In addition to this figure are capital costs for electronics upgrades and switching upgrades, both of which are done on the basis of growth and technology needs and customer demands.

11. In providing local exchange telecommunications services, Dickey Rural Telephone Cooperative will also incur other costs. In 2004, these costs will include:

*The information presented represents the entire company of Dickey Rural Telephone Cooperative with customers in both North and South Dakota.*

The other costs that Dickey Rural Telephone Cooperative expects to incur are as follows:

|                               |             |
|-------------------------------|-------------|
| Plant and Related Expenses    | \$800,000   |
| Depreciation                  | \$2,000,000 |
| Customer/Corporate Operations | \$1,100,000 |

12. Dickey Rural Telephone Cooperative estimates that the total costs described above relating to its planned network facility and equipment investments and other expenses to be incurred in providing local exchange telecommunications services will exceed \$4,000,000.

13. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, Dickey Rural Telephone Cooperative will use federal universal service amounts received in 2004 (estimated in paragraph 9 herein) to offset a portion of these total costs. This use of federal universal service support will enable Dickey Rural Telephone Cooperative to: (1) maintain rates for its local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service provisions.

14. Based on all of the foregoing information and the Affidavit attached as Exhibit A, Dickey Rural Telephone Cooperative requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Dickey Rural Telephone Cooperative is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for distribution to the Company in 2004. In order to ensure that this certification is issued to the FCC prior to October 1, 2003, Dickey Rural Telephone Cooperative would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 28<sup>th</sup> day of August, 2003.

Respectfully submitted,



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Mark Scallon, General Manager

**EXHIBIT A**

**AFFIDAVIT**

As an authorized corporate officer of Dickey Rural Telephone Cooperative, I, Mark Scallon hereby affirm familiarity with and an understanding of the requirements of the Federal Communications Act of 1934 as amended by the Telecommunications Act of 1996 with respect to the receipt of any federal universal service funds received as high-cost loop support, local switching support, safety net additive support, and/or safety valve support and hereby affirm that any such support amounts received by Dickey Rural Telephone Cooperative will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended consistent with 47 U.S.C. § 254(e).

  
Mark Scallon

Subscribed and Sworn to before me this 28<sup>th</sup> day of August, 2003.

NOTARY PUBLIC 

Commission expires \_\_\_\_\_

